CHO HENG RICE VERMICELLI FACTORY CO LTD

v.

RIFETRA SDN BHD

HIGH COURT MALAYA, PENANG
VINCENT NG J
[ORIGINATING MOTION NO 32-29-1987]
26 JUNE 1996

TRADE MARKS: *Trade description - Registered trade mark infringement and false trade description - Trade description order - Whether precise description of trade mark necessary in a trade description order - Trade Description Act 1972, s. 16(1)*

The applicant was granted a trade description order ('the TDO') *ex parte* pursuant to s. 16 of the Trade Description Act 1972 ('the Act'). As a consequence, the Ministry of Trade and Industry conducted raids on premises suspected of housing goods of false trade description. One of the suspected infringers raided was the intervenor, Rifetra Sdn Bhd ('the intervenor'). The intervenor had been charged in court with commiting an offence under s. 3(1)(b) of the Act.

In the applicant's affidavit in support of its application for the TDO, the applicant had merely sought to show that there were goods in the market bearing certain similarities to the applicant's trade mark which was not of the applicant's manufacture. The question of validity of the TDO was an important issue to be decided as in the event that the court finds that the TDO was wrongly issued, the intervenor would seek consequential orders for the assessment of losses incurred by the seizure of their goods and other damages.

Held:

[1] It is clear that under s. 16(1) of the Act, an order will be granted if an applicant can identify with certainty the infringing trade mark, state what goods are involved and connect the infringing trade mark with the genuine goods, by declaring that the infringing trade mark is, for the purposes of the Act, a false trade description in its application to the specified goods. Most importantly, an applicant would have to state and satisfy the court how his trade mark had been infringed and to this end he would have to show the material similarity between the registered trade mark and the infringing trade mark.

[2] The TDO had failed to qualify the aforesaid test as required in s. 16(1) of the Act due to its failure to specify the intervenor's trade mark as the infringing trade mark. The applicant had neither identified the particular infringing trade mark clearly nor did they identify how the intervenor's trade mark had infringed the applicant's trade mark.

[3] The TDO granted *ex parte* contains the term 'closely resembles' which seem to be too general and unspecified in character and thus runs foul of provisions of s. 16 of the Act.

[4] The intervenor has not specifically prayed for damages. However, since the intervenor had prayed for 'such further or other relief as this honourable court deems it, proper and necessary', this court could also deal with the question of loss and damages as a consequential order on the basis of the oral and written submissions of counsel for both parties, considering that there is no resistance from the applicant to such an approach, and also bearing in mind the general principle which empowers the court to award such consequential relief as is appropriate in the circumstances of the case.

[Application allowed.]

Case(s) referred to:
Broadhead's Application [1950] 67 RPC 209 ***(refd)***
Re Chan Kuan Sang [1993] AIPR 360 ***(refd)***
Tan Tek Seng v. Suruhanjaya Perkhidmatan Pendidikan & Anor [1996] 2 CLJ 771 ***(refd)***
The Pianotist Co's Application [1906] 23 RPC 774 ***(refd)***

Legislation referred to:
Trade Descriptions Act 1972, ss. 3(1)(b), 16(1), (4), 28

For the applicant - Karen Abraham; M/s Shearn Delamore & Co
For the intervenor - Nagarajah Muttiah; M/s Shook Lin & Bok

Reported by Yow Ting Fong

JUDGMENT

Vincent Ng J:

On 3 April 1987, the High Court granted to the applicant, Cho Heng Rice Vermicelli Factory Co Ltd ('the applicant'), a trade description order ('the TDO') *ex parte,* which decreed that:

> ... the Trade Mark 'Erawan Brand' and device or any word or device which closely resembles the word 'Erawan Brand' or elephant device used in relation to white rice flour or white glutinous rice flour not being white rice flour or white glutinous rice flour milled or produced by the applicant or its sole licensee shall for the purpose of the Trade Descriptions Act 1972 be and is hereby deemed to be a false trade description.

This order was granted pursuant to s. 16 of the Trade Descriptions Act 1972 ('the Act').

It is alleged that, in consequence of the order obtained, the Ministry of Trade and Industry had through its officers conducted raids on premises which were suspected of housing goods of false trade description. One of the suspected infringers raided was the intervenor, Rifetra Sdn Bhd ('the intervenor'). The intervenor had been charged in court with committing an offence under s. 3(1)(b) of the Act.

On 27 January 1992, pursuant to an application dated 22 December 1988 made by the intervenor (see encl. 21), the High Court by consent granted leave to the intervenor to intervene and be added as a defendant to the proceedings as prayed under prayer (i) of encl. 21. When the other prayers of encl. 21 eventually came up for hearing on 10 October 1993 before me, the TDO had already expired, and I requested for fresh written submissions to be put in by both parties, due to the long lapse of the earlier written submissions tendered in 1992 and 1993 before two different judges. The expiry of the TDO made prayer (iii) of encl. 21 redundant and was abandoned by the intervenor. In encl. 21 (only prayer (ii), (iv) and (v), now before me), the intervenor had prayed for the following reliefs:

(i) an order that Rifetra Sdn Bhd be granted leave to intervene and be added as a defendant in these proceedings;

(ii) an order that the TDO granted by this court on 3 April 1987 varied and/or set aside;

(iii) an order that the said TDO dated 3 April 1987 be expunged and deleted from register of trade description orders established and maintained under s. 16(4) of the Trade Description Act 1972;

(iv) an order that the applicant abovenamed bear and pay all costs of and occasioned by these proceedings; and

(v) such further or other relief as this honourable court deems fit, proper necessary.

Counsel for the intervenor, Mr Nagarajah, informed the court that although the TDO had since lapsed, having only a life span of five years, the application to set aside the same was made well within the five-year period and that the court had the jurisdiction to continue to hear the parties on the question of whether the order was rightly granted. Counsel for the applicant, Ms Karen Abraham conceded this point. This is an important issue to be settled, as in the event that the court finds that the TDO was wrongly issued, the intervenor intends to seek consequential orders for the assessment of losses incurred by the seizure of their goods and other damages.

Section 16 of the Act states as follows:

> 16 (1) Where any person being a proprietor or registered user of a trade mark within the meaning of any written law relating to trade marks or being otherwise entitled at law to the protection of a trade or other mark or a get-up for any goods or services established –
>
> (a) in the case of a registered trade mark, that his rights in respect of such trade mark are being infringed in the course of trade within the meaning of the written law; or
>
> (b) in the case of a trade or other mark or get-up for any goods or services, that his rights in respect of such trade or other mark or get-up are being infringed in the course of trade as a result of which he had a right of action for passing off,
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> the High Court may on the application of such person make an order declaring that the infringing trade or other mark or get-up the case may be is for purposes of this Act a false trade description in its application to such goods as may be specified in the order.
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> (2) An order of the High Court made under this section referred to as a trade description order.
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> (3) A subsisting trade description order made by any High Court Malaysia shall be admissible in evidence in any proceedings under this Act in which it is relevant as conclusive proof of a false trade description.
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> (4) A trade description order shall expire at the end of five years from the date on which it is made unless it is renewed by the High Court upon such terms and for such further period of time as the High Court may decide on the application of the person referred to in subsection (1) or his successor in title.
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> (5) The Minister shall cause a public register of trade description orders to be established and maintained.

It is clear that under s. 16(1) of the Act, an order will only be granted if an applicant can identify with certainty the infringing trade mark, state what goods are involved and connect the infringing trade mark with the genuine goods, by declaring that the infringing trade mark is, for the purposes of the Act, a false trade description in its application to the specified goods. Most importantly, in my view, an applicant would have to state and satisfy the court how his trade mark had been infringed and to this end he would have to show the material similarity between the registered trade mark and the infringing trade mark.

In the applicant's affidavit in support of its application for the TDO, the applicant had merely sought to show that there were goods in the market bearing certain similarities to the applicant's trade mark which was not of the applicant's manufacture. Thus, in this regard, I find that the TDO had failed to qualify the aforesaid test as required in s. 16(1) of the Act due to its failure to specify the intervenor's trade mark as the infringing trade mark; the trade mark specified pertains only to the trade mark of a certain company trading under the style of Cho Heng Rice Vermicelli Factory Co Ltd. I further find that the applicant had neither identified the particular infringing trade mark clearly or specifically nor did they identify how the intervenor's trade mark had infringed the applicant's trade mark.

In my view, the applicant appears to have not only taken a trade description order against the world at large, but indeed even the terms of the order itself are ambiguous and not sufficiently specific. The TDO granted *ex parte* contains the term 'closely resembles'. The words seem to be too general and unspecific in character and thus runs foul of provisions of s. 16 of the Act. The applicant should have been more specific in identifying the infringing trade mark. The TDO is all the more unsustainable because the intervenor was not made a party in the application even though at the time of the application for the order *ex parte,* the applicant knew of the existence, name and address (as such particulars were printed on the package of the alleged infringing trade mark) of the intervenor as a competitor in the market. In my considered view, if such particulars are known, the applicant is required under s. 16 to make the intervenor a respondent in his application for the High Court to be in the position to 'make an order declaring that the infringing trade mark ... is a false trade description ...'. An applicant for a trade description order who, with full knowledge of the identity of infringer, yet nevertheless obtains such order without making the infringer a party, does so at his own peril *vis-a-vis* a claim for damages suffered by the alleged infringer upon proof of no infringement.

The applicant could have particularised in detail how and in what manner exactly the intervenor had infringed the applicant's trade mark.

Section 16 of the Act is a drastic measure to be taken by any party and therefore the court should construe it strictly. Thus, I would, with respect, wholly agree with the judgment of Abdul Aziz J in *Re Chan Kuan Sang* [1993] AIPR 360 where he said that:

> ... an infringing trade mark capable of being the subject of a Trade Description Order must be a particular trade mark identified clearly and specifically: it must be the trade mark which is the subject of the applicant's allegation, and cannot be understood or misunderstood as encompassing any other trade mark which was not the subject of the applicant's allegation.

Careful reading of s. 16 of the Act leaves me with no alternative but to hold that a trade description order can only be given as against specific infringing trade marks if particulars of the trade mark offender is known, and that such offender would have to be made a party in the proceedings. And, a loosely-described trade description order cannot be allowed as it would be contrary to the very specific terms of this statutory provision; since any ambiguity would result in grave injustice being committed as has happened in the intervenor's case when (as alleged) the enforcement unit of the Ministry of Trade and Industry initiated criminal prosecution against the intervenors.

The question also required to be determined by this court is whether the applicant, when applying for the TDO, had shown any material similarity between their registered trade mark and the intervenor's trade mark. Each of the two trade marks must be considered as a whole. A visual test must also be conducted. In this regard, it is appropriate to bear in mind the following covenants of Parker J in *The Pianotist Co's Application* [1906] 23 RPC 774, who cautioned:

> You must take the two words. You must judge them, both by their look and by their sound. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances, and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owner of the marks.

The applicant uses the word 'Erawan Brand' whereas the Intervenor 'Cap Lima Gajah'. Hence, by 'looks and sound', the words are not the same. The devices are also different. The applicant's trade mark bears the illustration of three elephants and three Chinese characters which mean 'three elephant brand'. It also bears two ornamented elephant legs with

short tusks and the trunks of all the elephants curled up well above the ground. Whereas, the intervenor's trade mark contains the illustration of five elephants with the words 'Cap Lima Gajah' in the Malay language. Also depicted are six unornamented elephant legs with long tusks trunks reaching to almost touch the ground. In this regard, the guiding principle being:

Where you get a common denominator (such as the elephants in the current case) you must in looking at the competing formula pay much more regard to the parts of the formula which are not common although it does not flow from that that you must treat the marks as though the common part was not there at all – per Evershed MR in *Broadhead's Applicatio*n [1950] 67 RPC 209.

In the instant case, I do not think that the applicant's and the intervenor's devices resemble one another to the extent that it would cause confusion to its customers. This is because the trade mark on the applicant's packaging has Chinese and Thai characters whereas the intervenor's packaging get-up has more Malay characters. Furthermore, the applicants and the intervenors' products would appear intended to cater to different community of customers, one to potential Chinese customers and the other to potential Malay customers. When compared thus, and applying the test adumbrated above, I find that the intervenor's trade mark does not infringe the applicant's trade mark.

Lastly, it has been alleged by the intervenor, though denied by the applicant, that the Ministry of Domestic Trade and Industry relied on the TDO to carry out the raid on the intervenor. Consequently, in the oral submission as well as in paras. 10 and 88 of the written submission dated 3 October 1995 (encl. 72) of counsel for the intervenor, the latter had prayed for consequential orders for the assessment of losses incurred as a result of the seizure of intervenor's goods, and also for other damages. This was countered in para. 73 of the oral and undated written submission (encl. 73) of counsel for the applicant who had contended that there is no direct nexus between the TDO and the raids carried out by the Enforcement Division of the Ministry. It was further submitted that the Enforcement Division is clothed with an independent power to act on its own, pursuant to s. 28 of the Act.

I am aware that the intervenor has not specifically prayed for damages in encl. 21. However, since the intervenor had prayed (under prayer (v) of encl. 21) for 'such further or other relief as this honourable court deems it, proper and necessary', this court could also deal with the question of

loss and damages as a consequential order on the basis of the oral and written submissions of counsel for both parties, considering that there is no resistence from the applicant to such an approach, and also bearing in mind the general principle which empowers the court to award such consequential relief as is appropriate in the circumstances of the case. See *Tan Tek Seng v. Suruhanjaya Perkhidmatan Pendidikan & Anor* [1996] 2 CLJ 771.

Be that as it may, I have nevertheless left the issues of causation or nexus and damages for determination by the senior assistant registrar because both parties had expressly agreed and conceded before me that the senior assistant registrar would have the powers to, and the court may make an order for such determination, under prayer (v) of encl. 21, should the court set aside the TDO.

In the event, I granted prayer (ii), (iv) and (v) with costs to the intervenor; such that, as for prayer (ii), in terms that the TDO dated 3 April 1987 be set aside; and as for prayer (v), in terms that it is further ordered that an inquiry be conducted before the senior assistant registrar on the question of the causation or nexus, if any, between the TDO and the damages suffered by the intervenor as a result of the said TDO, and also on the quantum of such damages which is herein awarded to the intervenor.